



SKY FOREVER
宇恒供應鏈

Sky Forever Supply Chain Management Group Limited
(宇恒供應鏈集團有限公司)

(Formerly known as “Rising Power Group Holdings Limited 昇力集團控股有限公司”)
(Incorporated in Bermuda with limited liability)
(Stock Code : 8047)

2014-2015
Third Quarterly Report



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of Sky Forever Supply Chain Management Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



HIGHLIGHTS

For the nine months ended 31 December 2014

- the turnover from continuing operations of the Group was approximately HK\$797,301,000 as compared to the turnover of approximately HK\$10,518,000 recorded in the corresponding period last year.
- the loss of the Group was approximately HK\$31,063,000 (2013: approximately HK\$26,354,000).
- the loss attributable to equity holders of the Company was approximately HK\$28,348,000 (2013: approximately HK\$21,839,000).
- the directors do not recommend the payment of any dividend (2013: Nil).
- the loss per share of the Company was approximately HK6.42 cents (2013: approximately HK5.51 cents).

FINANCIAL RESULTS

The board of directors (the "Board") of the Company announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 31 December 2014 together with the comparative unaudited figures for the corresponding periods in 2013 respectively as follows:

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the three months and nine months ended 31 December 2014

	Note	Nine months ended 31 December		Three months ended 31 December	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Continuing operations					
Turnover	3	797,301	10,518	788,790	842
Cost of services rendered and cost of good sold		(791,384)	(9,393)	(785,739)	(552)
Gross profit		5,917	1,125	3,051	290
Other revenue	3	790	418	400	201
Other income	4	886	82	-	-
Selling and distribution costs		(1,249)	(1,299)	(882)	(458)
Administrative expenses		(34,338)	(23,396)	(14,489)	(9,099)
Share of results of associates		(2,960)	(786)	(399)	(429)
Loss before taxation		(30,954)	(23,856)	(12,319)	(9,495)
Income tax expenses	5	(223)	-	(223)	-
Loss for the period from continuing operations		(31,177)	(23,856)	(12,542)	(9,495)
Discontinued operations					
Profit/(Loss) for the period from discontinued operations	6	114	(2,498)	-	(775)
Loss for the period		(31,063)	(26,354)	(12,542)	(10,270)

Condensed Consolidated Statement of Comprehensive Income (Unaudited) (continued)

For the three months and nine months ended 31 December 2014

	Nine months ended		Three months ended	
	31 December		31 December	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other comprehensive (loss)/income for the period, net of tax				
Exchange differences on consolidation	(202)	162	(107)	-
Total comprehensive loss for the period	(31,265)	(26,192)	(12,649)	(10,270)
Loss for the period attributable to:				
Equity holders of the Company	(28,348)	(21,839)	(10,779)	(8,331)
Non-controlling interests	(2,715)	(4,515)	(1,763)	(1,939)
	(31,063)	(26,354)	(12,542)	(10,270)
Total comprehensive loss attributable to:				
Equity holders of the Company	(28,502)	(21,677)	(10,886)	(8,331)
Non-controlling interests	(2,763)	(4,515)	(1,763)	(1,939)
	(31,265)	(26,192)	(12,649)	(10,270)
Loss per share				
From continuing and discontinued operations		7		
- Basic	HK(6.42) cents	HK(5.51) cents	HK(2.44) cents	HK(1.89) cents
- Diluted	HK(6.42) cents	HK(5.51) cents	HK(2.44) cents	HK(1.89) cents
From continuing operations				
- Basic	HK(6.43) cents	HK(5.19) cents	HK(2.44) cents	HK(1.80) cents
- Diluted	HK(6.43) cents	HK(5.19) cents	HK(2.44) cents	HK(1.80) cents



Notes:

1. CORPORATE INFORMATION

Sky Forever Supply Chain Management Group Limited (formerly known as Rising Power Group Holdings Limited) (the “Company”) is a limited liability company incorporated in Bermuda on 7 June 2001 as an exempted company with limited liability under the Bermuda Companies Act of 1981. The Company’s shares are listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is located at Room 601, 6/F, China Building, No. 29 Queen’s Road Central, Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are business of supply chain management services involving the planning and implementation of an integrated solution for the effective flow of business, logistics, information and capital which can be applied for various kinds of industry chains, provision of integrated solutions for lightning electromagnetic pulse protection business and provision of energy management business.

2. STATEMENT OF COMPLIANCE

The unaudited condensed consolidated interim financial information for the nine months ended 31 December 2014 have been prepared in accordance with applicable disclosure requirements of the Rules Governing The Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

The accounts are unaudited but have been reviewed by the Company’s audit committee. These unaudited condensed consolidated interim financial information do not include all the information and disclosures required in the annual financial statements and interim financial report as defined in Hong Kong Financial Reporting Standards (“HKFRSs”), and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2014.

The accounting policies used in preparing these unaudited condensed consolidated interim financial information are consistent with those used in the Group’s audited consolidated financial statements for the year ended 31 March 2014. The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

Notes:

3. TURNOVER AND OTHER REVENUE

An analysis of the Group's turnover and other revenue during the period is as follow:

	Nine months ended		Three months ended	
	31 December		31 December	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Continuing operation				
Rendering of services	7,813	10,518	4	842
Sales of goods	789,488	–	788,786	–
	797,301	10,518	788,790	842
Discontinued operation				
Rendering of services	2,066	581	–	93
Turnover	799,367	11,099	788,790	935
Continuing operation				
Interest income from available-for-sale financial assets	223	–	–	–
Interest income	567	418	400	201
Other revenue	790	418	400	201
Total turnover and other revenue	800,157	11,517	789,190	1,136

4. OTHER INCOME

	Nine months ended 31 December		Three months ended 31 December	
	2014	2013	2014	2013
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Reversal of allowance for bad and doubtful debt	80	152	-	-
Sundry Income	-	82	-	-
Gain on disposal of subsidiaries	806	-	-	-
	886	234	-	-
Representing:				
Continue operation	886	82	-	-
Discontinued operation	-	152	-	-
	886	234	-	-

Notes:

5. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% based on the estimated assessable profits for the period ended 31 December 2014. No provision for Hong Kong Profits Tax has been made for the period ended 31 December 2013 as the Group did not generate any assessable profits arising in Hong Kong during that period.

The income tax provision in respect of operations in the People's Republic of China (the "PRC") is calculated at the applicable tax rates on the estimated assessable profits for the period based on existing legislation, interpretations and practises in respect thereof. No provision for PRC Enterprise Income Tax has been made for the period ended 31 December 2013 as the Group did not generate any assessable profits arising in the PRC during that period.

	Nine months ended		Three months ended	
	31 December		31 December	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Current tax				
– Hong Kong Profits Tax	200	–	200	–
– PRC Enterprise Income Tax current period	23	–	23	–
Tax charge for the period from continuing and discontinued operations	223	–	223	–

Deferred tax had not been provided for the Group because the Group had no significant temporary differences at the reporting date (2013: Nil).



6. DISCONTINUED OPERATIONS

On 18 July 2014, Upper Power Limited, a direct wholly owned subsidiary of the Company, entered into a subscription agreement with an independent third party (the “Investor”) pursuant to which Upper Power Limited sold the entire equity interest of Beaming Investments Limited and its subsidiaries (collectively known as “Beaming Investments BVI”) at a consideration of HK\$3 million (the “Disposal”). Upon completion of the Disposal on 1 August 2014, the Group no longer has any equity interest in Beaming Investments Limited.

Management considers that following the Disposal, the Group’s control over Beaming Investments BVI had been discontinued and thereby constituted discontinued operations. Accordingly, certain comparative figures in the consolidated statement of comprehensive income have been re-presented to separately reflect the results of the continuing operations and discontinued operations. The results of the discontinued operations for the periods ended 31 December 2014 and 2013 have been analysed as follows:

Notes:

Profit/(Loss) for the period from discontinued operations

	For the nine months ended 31 December 2014 (Unaudited) HK\$'000	For the nine months ended 31 December 2013 (Unaudited) HK\$'000	For the three months ended 31 December 2014 (Unaudited) HK\$'000	For the three months ended 31 December 2013 (Unaudited) HK\$'000
Turnover	2,066	581	-	93
Cost of services rendered and cost of goods sold	(47)	(454)	-	(139)
	2,019	127	-	(46)
Other income	-	152	-	-
Selling and distribution costs	(1,179)	(503)	-	(148)
Administrative expenses	(726)	(2,274)	-	(581)
Profit/(Loss) before taxation	114	(2,498)	-	(775)
Income tax expenses	-	-	-	-
Profit/(Loss) for the period from discontinued operations	114	(2,498)	-	(775)
Profit/(Loss) from discontinued operations attributable to:				
- Equity holders of the Company	61	(1,277)	-	(396)
- Non-controlling interests	53	(1,221)	-	(379)
	114	(2,498)	-	(775)

7. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company for continuing and discontinued operations and the weighted average number of the Company's ordinary shares in issue during the period as follows:

	Nine months ended 31 December		Three months ended 31 December	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Loss attributable to equity holders of the Company from continuing and discontinued operations	(28,348)	(21,839)	(10,779)	(8,331)
Loss attributable to equity holders of the Company from continuing operations	(28,409)	(20,562)	(10,779)	(7,935)
	Number of shares			
Weighted average number of ordinary shares in issue during the period	441,817,348	396,082,192	441,817,348	441,817,348

The Company did not have any dilutive potential ordinary share for the nine months and three months ended 31 December 2014. For the period ended 31 December 2013, dilutive loss per share is the same as basic loss per share as the potential ordinary shares issuable under the unlisted warrants have anti-dilutive effects on the basic loss per share.

Notes:

8. RESERVES

	Attributable to equity holders of the Company										
	Issued share capital	Reserves							Non-controlling interests	Total	
		Share premium	Contributed surplus	Exchange reserve	Warrant reserve	Statutory reserve	Accumulated losses	Total reserves			
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2013	33,387	55,357	485,118	8,428	240	2,438	(441,394)	110,187	143,574	4,272	147,846
Loss for the period	-	-	-	-	-	-	(21,839)	(21,839)	(21,839)	(4,515)	(26,354)
Other comprehensive income											
Item that may be reclassified subsequently to profit or loss											
- Exchange difference on consolidation	-	-	-	162	-	-	-	162	162	-	162
Total comprehensive loss for the period	-	-	-	162	-	-	(21,839)	(21,677)	(21,677)	(4,515)	(26,192)
Transaction with equity holders											
Contributions and distributions											
Issue of share upon placing	4,223	79,641	-	-	-	-	-	79,641	83,864	-	83,864
Capital reduction and share consolidation	(33,192)	(76,396)	109,588	-	-	-	-	33,192	-	-	-
	(28,969)	3,245	109,588	-	-	-	-	10,833	87,864	-	83,864
At 31 December 2013	4,418	58,602	594,706	8,590	240	2,438	(463,233)	201,343	205,761	(243)	205,518
At 1 April 2014	4,418	58,605	594,707	9,290	-	2,512	(517,520)	147,594	152,012	1,176	153,188
Loss for the period	-	-	-	-	-	-	(28,348)	(28,348)	(28,348)	(2,715)	(31,063)
Other comprehensive income											
Item that may be reclassified subsequently to profit or loss											
- Exchange difference on consolidation	-	-	-	(154)	-	-	-	(154)	(154)	(48)	(202)
Total comprehensive loss for the period	-	-	-	(154)	-	-	(28,348)	(28,502)	(28,502)	(2,763)	(31,265)
Transaction with equity holders											
Change in ownership interest											
Disposal of subsidiaries	-	-	-	(136)	-	-	-	(136)	(136)	(1,217)	(1,353)
At 31 December 2014	4,418	58,605	594,707	9,000	-	2,512	(545,868)	118,956	123,374	(2,804)	120,570

9. DIVIDENDS

The directors do not recommend the payment of any dividend for the nine months ended 31 December 2014 (2013: Nil).



MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

During the period under review, supply chain management business have become a major driving force for the growth of the turnover of the Group. The supply chain business contributed a turnover of HK\$789.5 million to the Group. The Group expected to further explore and enhance its business of supply chain management and broaden its customer base and geographic reach. The Group would continue to work with business partners from different sectors to build a national and comprehensive integrated supply chain platform. Being part of the supply chain business, the Group has secured two customers, which are wooden furniture manufacturers in the PRC, and the Group has been providing timber sourcing service to them through its newly established sales network.

The Group and SAP agreed to cooperate and utilize their own strengths and resources in development and promotion of various industry chain solutions for the supply chain business of the Group. The business solution of SAP ties in with the supply chain management demand of the Group. The management believes that the software and services provided by SAP can improve and enhance the supply chain platform being developed by the Group. And we can foresee the business are getting a further expansion with optimized resources.

The electromagnetic pulse protection business contributed to approximately 4.8 million to the total turnover of the Group for the nine months ended 31 December 2014. During the period under review, the contractual works in Hubei (湖北), Guizhou (貴州) and Tianjin (天津) have completed and generated approximately HK\$4.7 million revenue to the Group. Contractual works will commence for telecommunication operators in Liaoning (遼寧) and are expected to be completed in the coming quarters.

In respect of energy conservation (saving) and emission reduction (“Energy Emission Reduction”), the Group recorded turnover of approximately HK\$3.0 million during the period. Certain projects in Liaoning (遼寧) and Anhui (安徽) were still in progress. The Group will continue actively in strengthening the business through participating in the tender projects in the future.



Financial Review

The Group recorded a dramatic increase in turnover from continuing operations of approximately 7,480% to approximately HK\$797.3 million for the nine months period ended 31 December 2014 as compared to approximately HK\$10.5 million for the corresponding period in 2013. The Group commenced the supply chain management services in the second quarter of its financial year 2014-15. During the nine months ended 31 December 2014, revenue generated from supply chain management services amounted to approximately HK\$789.5 million of which HK\$753.8 million from electronic products, HK\$29.0 million from wooden furniture, HK\$5.7 million from timber trading and HK\$1.0 million from automotive products. Save for such new source of income stream, the Group experienced a decrease of approximately 11% in the service fee income from electromagnetic pulse protection business and energy emission reduction business for the nine months ended 31 December 2014 as compared with that for the nine months ended 31 December 2013.

The Group recorded an increase in gross profit of 426% to approximately HK\$7.9 million in the current period as compared to approximately HK\$1.3 million in the corresponding period in 2013. However, the gross profit margin decreased significantly because of the lower profit margin in the supply chain management business.

During the reporting period, administrative expenses incurred by the Group were approximately HK\$35.1 million (2013: HK\$25.7 million). Such an increase was mainly due to the set up of supply chain management business of HK\$2.2 million and the proposed acquisition of 75% equity interest of Hong Kong Automobile Restoration Group Limited of HK\$6.0 million. Net loss attributable to equity holders of the Company for the nine months period ended 31 December 2014 amounted to approximately HK\$28.3 million (2013: HK\$21.8 million).



Rights Issue

The Company will raise approximately HK\$397.6 million before expenses by issuing 883,634,696 rights shares (the "Rights Shares") at the subscription price of HK\$0.45 per Rights Share on the basis of two Rights Shares for every existing share held on 22 January 2015. Details are set out in the announcement dated 20 November 2014 and the Prospectus dated 22 January 2015 of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2014, none of the directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by directors to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2014, other than the interests of directors of the Company as disclosed under the heading "Directors' and chief executive's interests in shares, underlying shares and debentures" above, the interests and short positions of persons, in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register of substantial shareholders required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Nature of interests	Number of the shares held	Approximate percentage of issued share capital
Yan Chuyi (<i>Note 1</i>)	Beneficial	64,344,000(L)	14.56%
	Deemed	6,416,000(L)	1.45%
Zhou Zhaoshan (<i>Note 1</i>)	Beneficial	6,416,000(L)	1.45%
	Deemed	64,344,000(L)	14.56%

(L) denotes long position

Note:

1. Mr. Yan Chuyi beneficially owned 64,344,000 shares. Ms. Zhou Zhaoshan, being the spouse of Mr. Yan Chuyi, is deemed to be interested in 64,344,000 shares held by Mr. Yan Chuyi.

Ms. Zhou Zhaoshan beneficially owned 6,416,000 shares. Mr. Yan Chuyi by virtue of being the spouse of Ms. Zhou Zhaoshan, is deemed to be interested in 6,416,000 shares held by Ms. Zhou Zhaoshan.



Save as disclosed above, as at 31 December 2014, the directors of the Company were not aware of any other person (other than the directors of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or, who is directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES

Apart from as disclosed under the section headed "Directors' and chief executive's interests in shares, underlying shares and debentures" above, at no time since incorporation of the Company were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 18 October 2011 for the purpose of providing incentives or rewards to the eligible participants for their contribution to the Group and/or enabling the Group to recruit additional employees and retain existing employees and to provide them with a direct economic interest in attaining the long term business objectives of the Group.

Eligible participants of the Share Option Scheme include the employees, consultants, suppliers or customers of the Company and its subsidiaries, including any independent non-executive Directors of the Company.

No share option has been granted under the Share Option Scheme since its adoption.



PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the nine months ended 31 December 2014, there were no purchases, sales or redemptions of the Company's listed shares by the Company or any of its subsidiaries.

DIRECTORS' INTEREST IN COMPETING INTERESTS

During the nine months ended 31 December 2014, none of the directors or the management shareholders or substantial shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the Bye-laws of the Company or the Bye-laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

CODE OF CONDUCT REGARDING DIRECTOR'S SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding director's securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Throughout the period ended 31 December 2014, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has applied the principles in the Code and complied with the code provisions set out in the Code for the period ended 31 December 2014, save and except for the following:



1. A.1.3 of the Code stipulates of at least 14 days' notice should be given to all directors for a regular Board Meeting. For all other Board meetings, reasonable notice should be given. Due to the practical reasons, 14 days' advanced notifications have not been given to all meetings of the Board. Reasons have been given in the notifications in respect of those meetings of the Board where it is not practical to give 14 days' advanced notification. The Board will use its best endeavours to give 14 days' advanced notifications of Board meeting to the extent practicable;
2. A.6.7 of the code stipulates that independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings of the Company and develop a balanced understanding of the views of shareholders. Due to their other important engagement at the relevant time, some independent non-executive directors were unable to attend the general meetings of the Company; and
3. A.4.1 of the Code stipulates that all non-executive director should be appointed for a specific term, subject to re-election. Currently, all non-executive directors are not appointed for a specific term. They are, however, subject to the retirement by rotation and re-election of directors in the Bye-laws of the Company. Since their appointment will be reviewed when they are due for re-election, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the Code.

NOMINATION COMMITTEE

A nomination committee has been established in March 2012 with written terms of reference in compliance with the GEM Listing Rules. As at 31 December 2014, the nomination committee comprises three members, of which one executive Director, namely Mr. Gong Dongsheng and two independent non-executive Directors namely Mr. Huang Yunlong and Mr. Liu Weiliang. The chairman of the committee is Mr. Gong Dongsheng.

The nomination committee is mainly responsible for making recommendations to the Board on appointment of directors and succession planning for the directors. The Board took into consideration criteria such as expertise, experience, the market situation and applicable laws and regulations when considering new director appointments.



REMUNERATION COMMITTEE

A remuneration committee was established in January 2006 with written terms of reference in compliance with the Code provision. As at 31 December 2014, the remuneration committee consists of three members, all of them are independent non-executive Directors, namely Mr. Liu Weiliang, Mr. Ma Yiu Ho, Peter and Mr. Huang Yunlong. The chairman of the committee is Mr. Liu Weiliang.

The role and function of the remuneration committee include the determination of the specific remuneration packages of all executive directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors.

AUDIT COMMITTEE

An audit committee was established in October 2001, with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. As at 31 December 2014, the audit committee comprises the three independent non-executive Directors of the Company, namely, Mr. Ma Yiu Ho, Peter, Mr. Huang Yunlong and Mr. Liu Weiliang. The chairman of the committee is Mr. Ma Yiu Ho, Peter.

The unaudited financial statements of the Group for the period ended 31 December 2014 have been reviewed by the audit committee, who is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By order of the Board
Sky Forever Supply Chain Management Group Limited
Mr. Gong Dongsheng
Chairman and executive Director

Hong Kong, 9 February 2015

As at the date of this report, the executive Directors are Mr. Gong Dongsheng, Ms. Chen Nan, Mr. Wu Zhinan and Mr. Li Zhike. The independent non-executive Directors are Mr. Ma Yiu Ho, Peter, Mr. Huang Yunlong and Mr. Liu Weiliang.